THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) The information is being collected and will be laid on the Table of the House.

NPA Norms for Financial Institutions

1241. SHRI K. RAMA MOHANA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that RBI has tightened the NPA norms for financial institutions;

(b) if so, the changes that RBI has brought into with respect to NPAs of financial institutions;

(c) whether the norms have come into force;

(d) whether the norms are on the basis of the recommendations made by the working group; and

(e) if so, the other recommendations made by the working group?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) and (c) The recent changes in the NPA norms for financial institutions are given below:-

(i) An asset would be treated as doubtful if it remained in the substandard category for 12 months *w.e.f.* 31.3.2005;

(ii) The provisioning for secured portion of doubtful assets in more than 3 years category is increased as follows:-

Period for which the advance has remained in doubtful category	Provision requirement on secured portion
More than 3 years	
(a) Outstanding stock of NPAs as on 31.3.2004	60% **w.e.f.** 31.3.2005 75% w.e.f. 31.3.2006 100% w.e.f. 31.3.2007
(b) Advances classified as doubtful for more than 3 years on or after 1.4.2004 (In case of NHB-1.7.2004)	100%

The provisioning requirement for the unsecured portion of the doubtful assets category continues to remain 100% as hitherto.

The asset of a financial institution would be treated as non-performing if the interest and/or instalment or principal remain overdue for more than 90 days with effect from the year ending 31.3.2006.

(d) and (e) The changes have been made on the recommendations of the Committee on the Banking Sector Reforms. The Report of the Committee was tabled before both Houses of Parliament in 1998.

Customs Duty exemption on MRI equipment

1242. SHRI K. RAMA MOHANA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether Government allow part exemption of customs duty on MRI equipments imported by Corporate Hospitals;

(b) whether such concessions are denied when such equipments are imported for rural areas;

(c) if so, the reasons therefore; and

(d) the concessions/exemptions proposed to be given to MRI and other costly imported equipments for use in clinics/dispensaries or hospitals in rural areas to help the poor villagers?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Magnetic Resonance Imaging (MRI) system attracts a concessional custom duty of 5% MRI system is also exempt from excise duty and thereby from additional duty of customs (CVD). These concessions/exemptions are available to any importer of MRI system.

(c) Does not arise in view of (a) and (b) above.

(d) A large number of life saving, sight saving, ENT, dental and other medical equipment are already allowed concessional customs duty. A concessional customs duty of 5% with nil CVD is also available for hospital equipment (including MRI systems) if imported by hospitals run by Central Government, State Government, Union Territories or any local authority or by a hospital run by a society controlled by such Authorities. No further